

# NAVAL POSTGRADUATE SCHOOL

## Monterey, California



## THESIS

**ARE COMMERCIAL PORTS IN THE CONTINENTAL  
U.S. CAPABLE OF SUPPORTING MILITARY SEALIFT  
REQUIREMENTS IN EVENT OF A MAJOR THEATER  
WAR OR OTHER MAJOR CONTINGENCY?**

by

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This thesis discusses the roles of the organizations involved in supporting military deployments from commercial ports and the federal laws in place to ensure there are commercial facilities available to support deployments when required.

This study concludes by identifying areas of concern and making recommendations related to improving military deployments through commercial ports.

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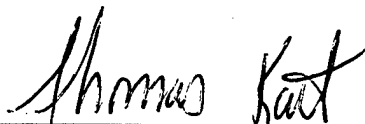
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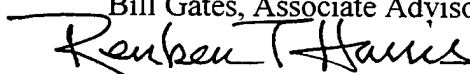
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## **ABSTRACT**

This thesis examines the potential impact of military deployment operations in a commercial port. With the closures of the Military Ocean Terminals in Oakland, California and Bayonne, New Jersey, the military must rely, almost entirely, on utilizing commercial ports to support all deployments. These deployments, from supporting routine exercises to major theater wars, will sometimes conflict with the routine operations of the commercial customers in the port.

This thesis discusses the roles of the organizations involved in supporting military deployments from commercial ports and the federal laws in place to ensure there are commercial facilities available to support deployments when required.

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## **I. INTRODUCTION**

The purpose of this research paper is to examine the relationship between the Departments of Defense and Transportation and commercial port authorities during a large-scale deployment from a commercial port. To accomplish this, current relationships and agreements between the governmental agencies and the commercial port authorities were studied. Additionally, the roles of the agencies involved in a military deployment from a commercial port were addressed and discussed, because of the complexity of the interaction between these organizations.

The Department of Defense must act as a competitor with the commercial shipping industry for port facilities. Capacity at major commercial ports is at, or close to exceeding, capacity. Most of the commercial shipping companies have established long-term contracts. It is difficult to get any type of priority because the military has been involved in "undeclared" wars overseas.

### **A. BACKGROUND**

With the closure of the Military Ocean Terminals in Oakland, California and Bayonne, New Jersey due to the Base Realignment and Closure process in 1995, commercial ports will be required to support most of the Department of Defense's military sealift requirements. Currently there are agreements with 15 commercial ports in the United States. There have been no large-scale deployments of military forces through commercial ports since 1995.

### **B. RESEARCH QUESTIONS**

#### **1. Primary Research Question:**

Are commercial ports in the continental U.S. capable of supporting military sealift requirements in event of a major theater war or other major contingency?

## **2. Secondary Research Questions:**

- a. What agreements exist to support military deployments from commercial ports?
- b. Which government and civilian agencies are involved in supporting military sealift requirements and what are their roles?
- c. To what extent are ports capable of supporting the anticipated throughput of equipment in the event of a major contingency?

## **C. SCOPE OF THESIS**

The thesis will evaluate the effectiveness of the commercial ports in supporting large-scale military deployments as well as possible problems encountered during a deployment. Additionally, it will analyze the relationships between the government and the commercial port authorities.

## **D. METHODOLOGY**

To better understand the different agencies involved in military sealift, this research paper first provides a general overview of the role and mission of the various agencies. This was accomplished through a variety of sources including:

- Unclassified Department of Defense publications
- Department of Transportation publications
- Internet websites and homepages (DoD, commercial, and academic)
- Correspondence and interviews with agency members

Agreements between the government agencies and the commercial ports to use ports during a military deployment were evaluated. The primary source of information was through correspondence between the strategic ports. On-site interviews were conducted with Military Traffic Management Command's Deployment Support Command and Transportation Engineering Agency, the Department of Transportation's Maritime Administration, and two strategic commercial ports.

## **E. ORGANIZATION**

Chapter II provides an overview of the importance of sealift in national defense. The *National Military Strategy*, sealift, and the role of the commercial port are discussed. This chapter sets the framework for why this is an important issue for supporting the country's national defense.

Chapter III discusses all of the organizations involved in supporting a large-scale deployment from a commercial port. The chapter reviews the relationship between different federal agencies and their responsibilities.

Chapter IV explains the the procedures necessary to deploy from a commercial port. Applicable laws and administrative actions are discussed when the government's last option is to take over the facilities for the best interest in our nation's defense.

Chapter V identifies potential problems and offers recommendations in the relationship between the government and the commercial port authorities. The chapter concludes by summarizing the findings.

## **F. BENEFITS OF STUDY**

This study analyzes the effectiveness of the military in conducting a large-scale deployment from a commercial port. The issues concerning the commercial port



authorities and the commercial shippers are addressed. The potential effects of the Port Planning Orders on the commercial shipping industry are also reviewed. Additionally, selection of the ports and actions taken by the ports to prepare for the necessity of possible military deployments are examined.

## II. NATIONAL STRATEGY AND COMMERCIAL PORTS

### A. NATIONAL MILITARY STRATEGY

The government of the United States must establish a foreign policy that is in the best interests of the democratic world. By promoting peace and stability throughout the world, the world economy will continue to grow. With the growth of world markets, and in particular the United States' markets, the citizens of the United States are better off as a whole. When there is instability in different regions of the world, international markets do not grow as much compared to a world without major conflicts affecting influential world markets.

With the end of the Cold War, a new national defense strategy needs to be identified. There are no longer two major militaries influencing the world. Now, without question, the military of the United States is the most powerful in the world. The major focus of the Cold War military - war with the Soviet Union - disappeared. New challenges throughout the world will test the political and military might of the United States.

To help focus the military's role in supporting the United States' national and international strategy, the Chairman of the Joint Chiefs of Staff issued the National Military Strategy in 1997. The Strategy delineates how the military will respond and act under the direction of the President and Congress. The National Military Strategy (NMS) incorporated the President's *1997 National Security Strategy* and the *Quadrennial Defense Review* (QDR) report prepared by the Secretary of Defense. (1997 NMS, web site) These two documents provide the central policy guidance for the military.

The backbone of the NMS is based on three major elements: **Shape, Response,** and **Prepare Now.** (1997 NMS, web site) There are distinctive roles for each element. Shape depicts the role of the United States in the world environment. We will use our influence to ensure our interests, and those of our allies, are protected and allowed to grow. Our alliances and relationships with other countries, regardless of governmental rule, are very important. This interaction plays a large part in how some governments will respond to different scenarios. Our hope is to have our presence or influence large enough to provoke a non-threatening reaction. Response refers to the action that will be taken if these interests are threatened or placed in jeopardy.

Prepare Now highlights the importance of having the necessary force to respond. Countries reacting without regard to our presence must realize we are prepared to respond with the appropriate measures, either economically or militarily. We must be able to respond without delay or hesitation. This requires the necessary forces to be available now. Countries impacting our national interests must realize our ability to have a sufficient response available for a majority of responses. By having a sufficient military force structure to draw from, we can influence the international environment. The prepare now aspect allows the United States to shape the global surroundings and offer a quick response when necessary.

These elements form the basis for the Strategic Concepts as outlined in the National Military Strategy. The concepts are strategic agility, overseas presence, power projection, and decisive force. (1997 NMS web site) Strategic agility is the capability of operating anywhere in the world with quick and decisive means to concentrate military force. Overseas presence consists of maintaining the ability to remain in strategic

locations or regions throughout the world to reduce response time and to deter enemies from acting. Power projection is the ability to attack a target anywhere in the world. Decisive force is the commitment to have enough forces available to carry out the mission effectively.

There is one common theme to these elements. They all rely on the ability to get equipment, supplies, and personnel to the area of interest. Previously, the military had a strong presence in the form of overseas bases and staging areas. Forces and equipment will be required to travel farther distances to get to the fight. With the military's assets overseas reduced because of smaller demand and structure, we must use other means to get the military to the fight.

## **B. IMPORTANCE OF SEALIFT**

There are three different ways for the military to get equipment and personnel overseas: sealift, airlift, and prepositioned forces. An optimal combination of the three methods is the obvious choice to get the required equipment and supplies to theater commanders, yet each method has its own advantages and disadvantages. Theater commanders must plan for and anticipate different threats to determine what type of equipment they require and how soon they need it. This input, as well as any advance warnings or indications, will help determine the best mix of the methods to get the equipment overseas.

Sealift's key role is in moving large amounts of equipment to the conflict area. During Operation Desert Storm, 70% of all dry cargo was moved to the Persian Gulf area via sealift. (CBO publication) Large amounts of equipment can be moved via sealift and sealift is the least expensive way of moving equipment. One Large, Medium Speed,

Roll-on/Roll-off ship (LMSR) can hold 250,000 sqft of cargo, compared to 1500 sqft for the military's newest cargo plane, the C-17. (CBO publication) It would take 40 to 50 C-17 sorties to deliver the same amount of cargo as one LMSR. There are also drawbacks to using sealift. It normally takes 3-4 weeks for the equipment to arrive on station from its initial location in the United States. The port near the theater of operation needs to be secure, just like the airfields. The port of embarkation has to be able to support relatively modern vessels and have staging areas to off load the vessels. During a conflict, this port is going to be the focus of most of the incoming equipment and supplies. This could be the busiest time ever at that port. These ships have limited or no defense systems and are vulnerable to attack at any point during their journey, including the on loading and off loading phases.

Airlift's most significant advantage is in getting equipment to where it is needed quickly. There are several drawbacks to using airlift. The use of airlift is expensive: only one or two pieces of large equipment can fit in a cargo plane. The equipment on any cargo plane, military or civilian, is constrained by volume and size. There needs to be a friendly airfield available near the conflict zone, and that airfield needs to have a high state of security because cargo planes are very vulnerable to attack. Because of these reasons, airlift is primarily used to transport the personnel needed to operate the equipment and fight the battles. Additionally, airlift is used to get vital spare parts to the theater of operation quickly.

The third method of getting equipment and personnel to areas of need overseas is to preposition the necessary forces. Prepositioning has become more important due to the closure of U.S. bases overseas. Equipment is kept on ships positioned in three key areas

of the world: the Mediterranean Sea, Diego Garcia, and Guam. The equipment stored onboard these ships is kept in a high state of readiness and is very well maintained. The equipment is ready to go to battle once the ship pulls into port and off loads the equipment. Each squadron is within five sailing days of potential contingency sites and can support one Marine Corps Expeditionary Brigade of 17,000 marines for 30 days. (USTRANSCOM HANDBOOK 24-2).

Prepositioned equipment is delivered quickly and is in good working order. The drawbacks are that commanders are putting their eggs in one basket, so to speak. They are betting this is where United States forces will need the equipment. The locations are close to anticipated trouble spots, so these are relatively safe bets. It is also costly to keep these ships on station. Finally, they are vulnerable to attack like any cargo ship.

With the reduced budget and operating forces, the gear and ability to fight from overseas has been severely reduced. Commanders can no longer rely on the assets located or propositioned in the immediate area. A heavy reliance on sealift is essential in getting the necessary forces to the fight. Sealift depends on the capacity at ports of embarkation and debarkation and on the availability of ships to support military operations. All of the elements and strategic concepts rely on the ability of sealift to get the right amount of equipment and personnel to the conflict.

Sealift plays an important role in all phases of a conflict. The phases are surge, sustainment, and redeployment. Surge is the initial phase of a conflict where there is a buildup of equipment. An offensive can begin once there is enough equipment for the area commander to carry out the plans. If the surge is going to support a defensive stand, then it is vital the correct equipment arrives at the right place on time. Time is of the

essence, so cost is not the largest determinant. Sustainment is the phase where the additional equipment and resupply supports the battle. Each part is important to the commander. Surge equipment allows the soldiers to initiate the fight; sustainment allows the soldiers to continue the fight. The redeployment phase occurs at the end of the conflict. Once all of the equipment is on station and the fighting is over, either through victory or defeat, the equipment must be brought back to where it was delivered. This may be more difficult in a defeat. Almost all equipment will be transported using sealift because it is the most cost effective; cost now plays a larger role. Lives and territory are not at stake at this point.

### **C. ROLE OF THE COMMERCIAL PORT**

Despite the reduction in size of the military and a constant or increasing operational tempo after the Cold War, the military must respond quickly and with the proper equipment to fight. As discussed, more equipment will come from military installations in the United States since our overseas bases have closed. This increases our reliance on the commercial ports in the United States to support military deployments. The Military Ocean Terminals (MOTs) located in Oakland, California and Bayonne, New Jersey were closed down in the 1995 round of the Base Realignment and Closure (BRAC) process. The MOTs were easy targets for closure because few people were affected and the bases had limited exposure since the end of the Gulf War in 1991. These two MOTs handled 16% of the ships supporting the Gulf War. (Matthews, 1996) The Department of Defense now relies almost entirely on commercial ports to support equipment and cargo for future military deployments. MOT Sunny Point in North Carolina and MOT Concord in California are the only remaining MOTs. Both are

responsible for loading the ammunition used to support the deployed personnel. MOT Sunny Point accommodated six non-ammunition ships during Operation Desert Storm, so there is some capacity to support cargo other than ammunition within each of the remaining MOTs. (Matthews, 1996)

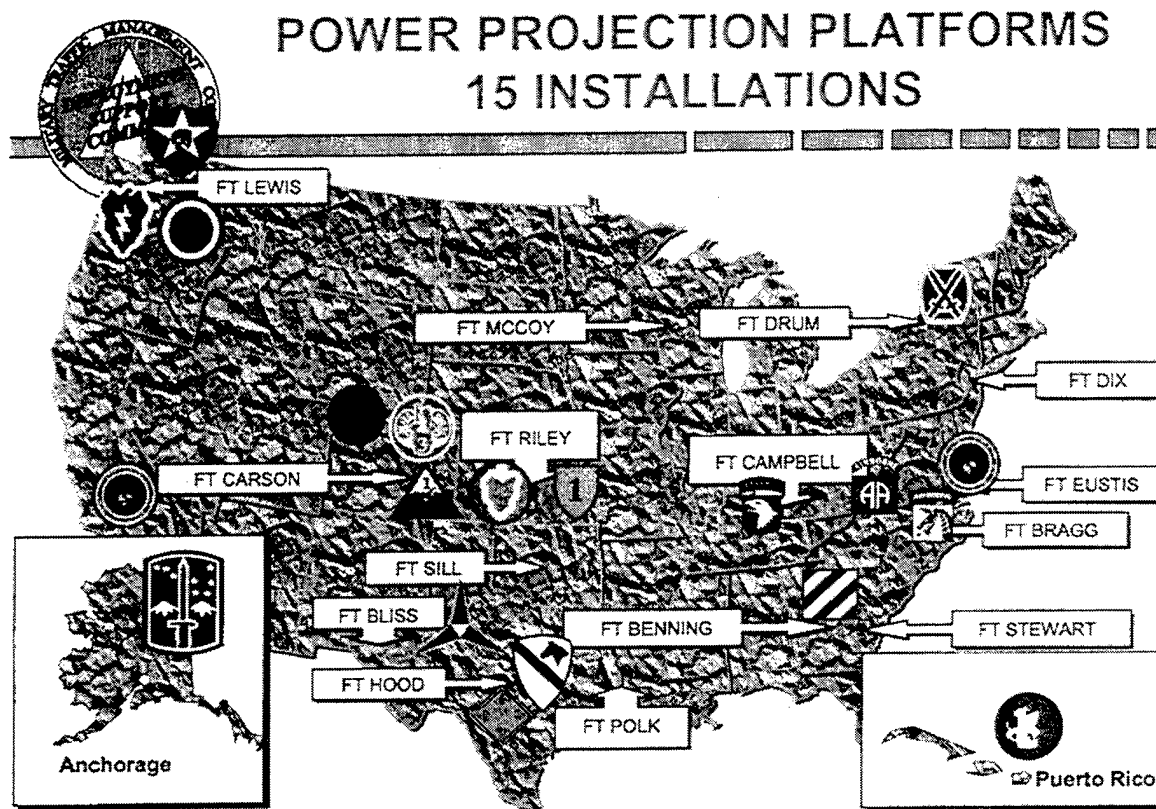
The MOTs were ports operated by the military and used exclusively by the Department of Defense (DoD). The DoD did not have to compete with the commercial shipping industry for berths and staging areas at the MOTs. Acquiring staging areas for equipment and cargo is more difficult than finding berths for ships. Berths are relatively easy to schedule and adjust because the ships have a scheduled cargo to offload and pickup. It does not take as much effort to move a ship as compared to clearing a staging area with the same square footage. Two or three tugboats can move a ship to another pier in under an hour.

The only constraint limiting a ship to a particular berth would be the necessary facilities required to offload the ship or a draft restriction at a pier. It could take days to clear a staging area depending on the type of item being stored. Because ports are adjacent to the water, land is a very valuable asset for the ports. Staging areas are used as a temporary storage area for containers, vehicles, and break-bulk cargo. It is an intermediary point between the different modes of transportation, either awaiting an outbound ship or awaiting train or truck transportation away from the port.

There are 17 commercial ports in the United States designated as strategic ports. These ports are designated to support major force deployments during the initial surge period under one or more national defense contingency plans. (Linkages, 1999) These ports were selected because of their proximity to Army and Marine Corps installations,

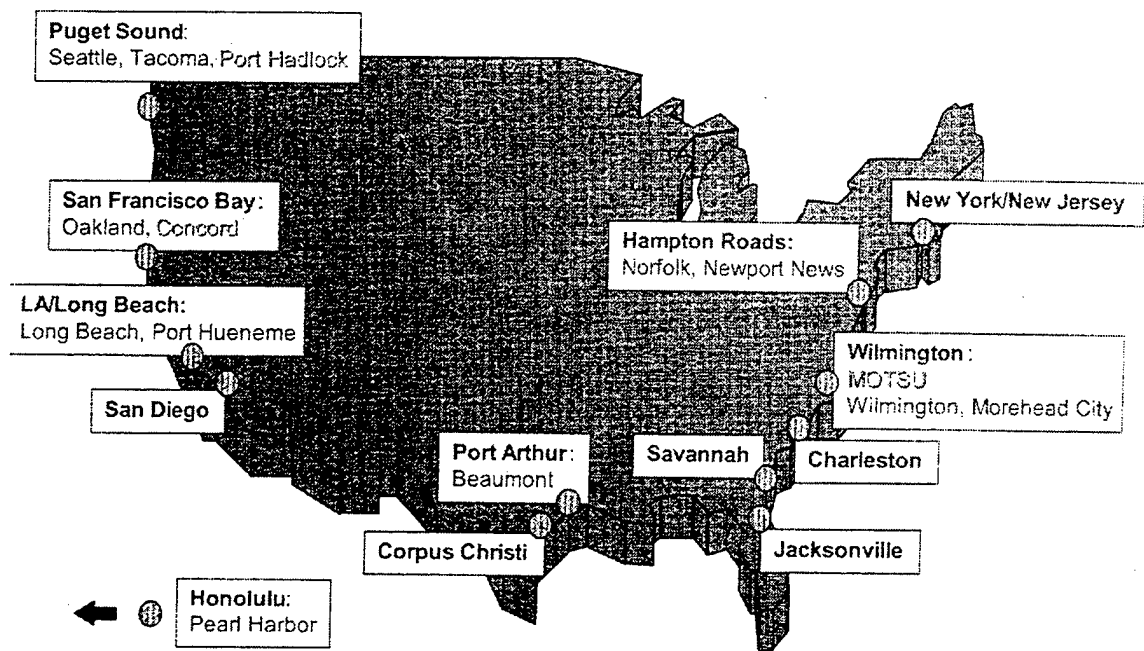


transportation links to those bases, and port characteristics to support a military deployment. (Linkages, 1998)



**Figure 1. Location of U.S. Power Projection Installations (MTMC DSC)**

MOT Naval Weapons Station Concord, in California, and MOT Sunny Point, in North Carolina are primarily used for ammunition and, as mentioned earlier, are operated by DoD. The commercial strategic ports are: Port Hadlock and Tacoma in Washington; Oakland, Port Hueneme, Long Beach, and San Diego in California; Corpus Christi and Beaumont in Texas; Jacksonville, Florida; Savannah, Georgia; Charleston, South Carolina; Morehead City and Wilmington in North Carolina; Norfolk, Virginia; and the port of New York/New Jersey.



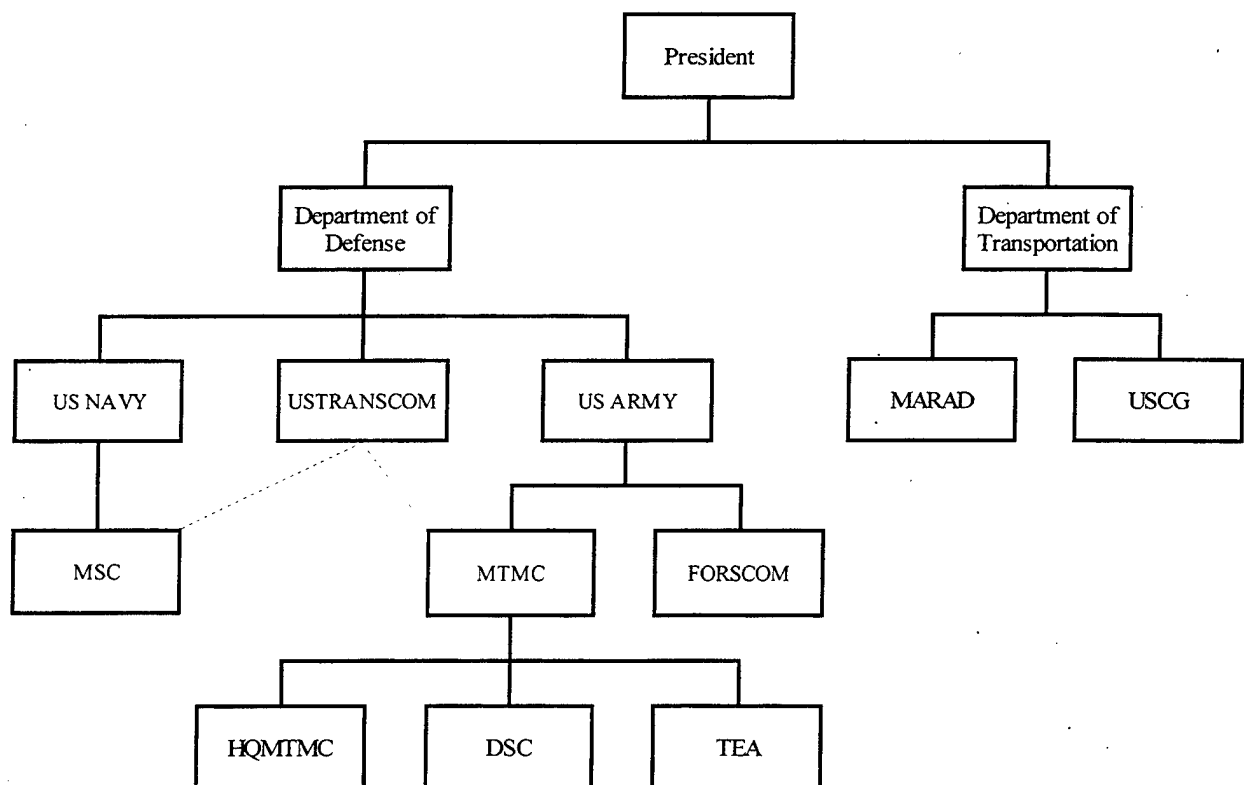
**Figure 2. Locations of U.S. Strategic Ports (Linkages, 1999)**

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### **III. ORGANIZATIONAL STRUCTURE**

#### **A. ROLES OF FEDERAL AGENCIES**

The United States government must employ federal transportation resources and capabilities to enable the Department of Defense to support the National Military Strategy. The government must also secure additional commercial sector transportation assets because there are not enough organic assets to properly support large-scale personnel and equipment deployments. With a limited defense budget, it is advantageous to reduce organic lift capability when reliable arrangements between the government and the commercial sector can provide additional lift. Such arrangements assume that commercial capacity can be diverted to military use when needed. This chapter will describe the roles of the different departments and agencies, both federal and commercial, that support military deployments.



**Figure 3. Organizational Structure of Federal Government**

## **B. DEPARTMENT OF DEFENSE**

The Secretary of Defense is responsible for transportation planning and operations within the Department of Defense (DoD). (Joint Pub 4-01) Organic units are used to support the daily needs of the units and commands located throughout the world on routine assignments and deployments. When requirements begin to approach the available capacity of using solely organic assets, commercial assets are utilized to meet the additional lift requirements. Communication and cooperation are vital between the government and private sectors because commercial assets will help fulfill the military logistics support requirements. This logistics support encompasses every mission, from the smallest routine deployment to a full-scale war.

## **1. US Transportation Command**

The United States Transportation Command (USTRANSCOM) is responsible for all military transportation requirements. The Secretary of Defense has designated USTRANSCOM as DoD's single transportation manager during both peace and war. USTRANSCOM has three subordinate commands that allow it to fulfill these requirements: the Air Mobility Command, Military Sealift Command, and Military Traffic Management Command.

## **2. Military Traffic Management Command**

The Department of the Army's Military Traffic Management Command (MTMC) provides common-user ocean terminal and traffic management services to deploy, employ, sustain, and redeploy US forces throughout the world. MTMC has been designated as the military's single source port manager. MTMC also manages contracts between the commercial maritime industry and DoD for regularly scheduled service to transport containers and breakbulk cargo, also known as "liner service." MTMC is responsible for all aspects of the ports, both commercial and military, when the military uses the port as a point of embarkation or debarkation.

### ***a. MTMC Transportation Engineering Agency***

The MTMC Transportation Engineering Agency (TEA) is the DoD's transportation engineer for roadways, ports, railways, and intermodal systems:

TEA performs the following for the Department of Defense: conducts studies of multimodal transportation systems and installations, conducts unit and forced deployability analysis and exercise evaluations, performs research and simulation analysis of the Defense Transportation System, and develops transportability criteria/procedures for surface movement of cargo. (USTRANSCOM HANDBOOK 24-2)

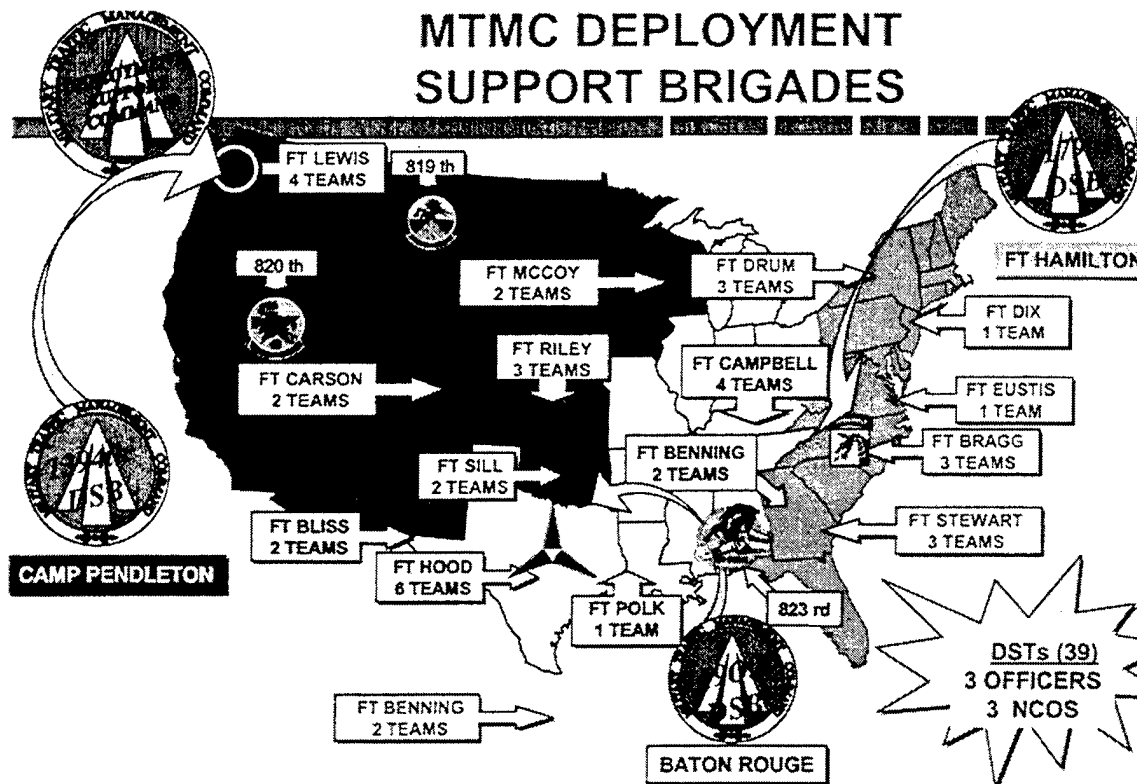
In a major role in supporting sealift, MTMC TEA ensures feasibility and deployability of the strategic ports. Teams from TEA conduct detailed studies on the different capabilities available at each port worldwide. This includes compiling information about the staging areas, berths, terminals, access for ships, trains and road vehicles, water depth, dock labor required, and the type of ships accommodated at each port.

A port survey is conducted in regions of the world where the Department of Defense anticipates a potential need for military equipment and cargo. This helps the planners identify the nearest port of debarkation. It also gives vital information concerning what type of ships the port can accommodate. Military personnel will be ineffective if their equipment is stored in a ship sitting a mile off port because the ship's draft is too deep for the port or there is not a pier large or strong enough to accommodate the ship. After determining port locations and capabilities, planning can continue. Additional transportation assets can be acquired to move the equipment and cargo to the desired location. It is an important to work out the details in advance, rather than planning at the last minute.

***b. MTMC Deployment Support Command***

The MTMC Deployment Support Command (DSC) synchronizes the Defense Transportation System surface cargo movement and provides traffic management and strategic port management for the Department of Defense, in peace and crisis. (DSC web site). DSC supplies the military personnel to help load and off load ships in the United States and for SOUTHCOM.

MTMC DSC has the United States divided into three management regions. A Deployment Support Brigade (DSB) manages each region's power projection installations, and/or Army bases. Each DSB manages at least five Army bases. The DSB ensures the equipment destined for the port of embarkation is organized in an orderly fashion. The teams give the ports as clear of a picture of inbound cargo as possible. There are anywhere from one to six teams working at each Army base.



**Figure 4. MTMC Deployment Support Brigades (MTMC DSC)**

Once the equipment arrives at the port, MTMC Transportation Terminal Brigades (TTB) load, secure, and document the equipment on each ship. These TTBs primarily consist of reservists. To enhance their training and port characteristics, they practice or drill at the same ports they will be called upon to manage when activated. The ships are a combination of organic and commercial ships. The teams need to be familiar



with the different types of equipment arriving at the port, including a combination of train and road convoy. There are also deployment readiness exercises to train the personnel. The exercises normally involve loading a ship with some vehicles and containers. This familiarizes personnel with the different ships and cargo, so ships can be loaded as efficiently as possible when needed.

### **3. Military Sealift Command**

#### ***a. Mission***

The Department of the Navy's Military Sealift Command (MSC) provides common-user and exclusive sealift transportation services to deploy, employ, sustain, and redeploy US forces throughout the world, between seaports of embarkation and debarkation. (USTRANSCOM HANDBOOK 24-2) MSC provides sealift through government owned ships, US flagged chartered ships, and ships in the global commercial maritime industry. MSC responsibilities include the Naval Fleet Auxiliary Force Program, which directly supports deployed US Navy ships, and the Sealift Program, which provides sealift to support national defense.

Government owned sealift ships include Large Medium Speed Roll-on/Roll-off Ships (LMSR), Fast Sealift Ships (FSS), Maritime Prepositioning Ships (MPS), and various ships in the Ready Reserve Force (RRF). All of these ships are primarily used for dry cargo and supplies. The LMSRs carry heavy Army and Marine Corps equipment at speeds of 24 knots; FSS's have the capability to carry 150,000 sqft of equipment at speeds of 30 knots. (Joint Pub 4-01) In addition to chartering vessels on a one time basis to support the military, MSC has long-term contracts with maritime shipping companies to charter tankers to move petroleum products throughout the world.

### ***b. MSC Programs***

MSC manages or is affected by many sealift programs. These programs are the Ready Reserve Force (RRF), Maritime Security Program, Voluntary Intermodal Sealift Agreement (VISA), and the Cargo Preference Act of 1904. These programs must be considered before moving military equipment. The programs either make it easier or more difficult to use sealift for moving equipment throughout the world.

Once RRF ships are activated, they are under MSC's control. This gives DoD extra lift capacity when needed. The ships are kept in a 4 to 30 day reserve operating status (ROS). There is a direct relationship between the ROS days and the time it would take for the ship to pull into the required port of embarkation. As the number of ROS days decreases, the ship can be activated faster. MSC is responsible for supplying crews for these vessels, once called to active duty.

The Maritime Security Program (MSP) provides government funding to encourage commercial ships to remain U.S. flagged. There are 47 U.S. flagged ships receiving \$2.1 million annually through the year 2005. When DoD organic assets are no longer available, MSP ships will be used for sealift as part of stage I of the VISA program.

The Voluntary Intermodal Sealift Agreement involves the Department of Defense (USTRANSCOM), the Department of Transportation (MARAD), and the US flagged commercial shipping industry. VISA allows the DoD and the commercial shipping industry a flexible plan for contingency operations during various stages of a conflict. (USTRANSCOM HANDBOOK 24-2) There are three VISA stages; I, II, and III. Prior to activating the different stages of VISA, volunteers are requested to meet

demands in sealift capacity. Stage I will be activated by USTRANSCOM, with the approval of the Secretary of Defense, when volunteer capacity is surpassed.

(USTRANSCOM Pamphlet 10-1) Stage II will be activated after all of the Stage I capacity cannot meet the sealift requirements. Stage III will be activated if the sealift capacity is still not great enough to meet the required sealift commitments. The Secretary of Transportation will allocate sealift to meet the requirements. Each stage provides an increasing amount of capacity when the previous stage or volunteer capacity is surpassed.

The Cargo Preference Act of 1904 has a significant impact on MSC. It requires DoD to ship 100% of its cargo on US flag vessels, except when MSC determines that no US flag vessel is available. (USTRANSCOM HANDBOOK 24-2) MSC must first look to our own country's flagged assets. There are not many US flagged ships because other countries offer lower fees to ships flagged in their country. After MSC has determined that no US flag ship is available, it is free to charter any commercial maritime ship MSC feels will successfully deliver the shipment to the seaport of debarkation in a timely manner.

## **C. DEPARTMENT OF TRANSPORTATION**

### **1. Maritime Administration**

The Maritime Administration (MARAD) ensures there is adequate water transportation service for United States consumers and shippers, as well as sufficient industrial capability to build and repair ships. MARAD also advances the capabilities of the commercial maritime industry to provide total logistic support (port, intermodal, ocean shipping, and training) to the military services during war or national emergencies. (Joint Pub 4-01) MARAD does this in part by administering the VISA and RRF

programs. MARAD also administers agreements between the military and commercial ports. MARAD works with the commercial shipping industry on a daily basis, including port authorities and shipping companies. This relationship is important in establishing strategic ports and getting the agreed upon facilities when they are needed to support the military.

## **2. US Coast Guard**

The US Coast Guard (USCG) has five strategic goals that include: Safety, Protection of Natural Resources, Mobility, Maritime Security, and National Defense. (USCG Pacific Area web site) Under Maritime Security, the USCG is responsible for port safety and security in conjunction with local law enforcement agencies. The Coast Guard patrols the water and inspects vessels arriving and departing the ports. The Coast Guard is also part of a Maritime Defense Zone in each area surrounding the United States. This command is a joint USCG/Navy established for emergency conditions pertaining to national defense.

Each strategic port has a "Captain of the Port." A Coast Guard officer fills this billet. The Captain of the Port is the committee chair for the port's military readiness group. During a military deployment, the Captain of the Port provides manpower and resources for waterside security. Landside security is the responsibility of MTMC and the port authority.

## **D. COMMERCIAL PORTS**

Commercial ports in the United States have a variety of operating characteristics, because each commercial port operates under the state or local government where the port is located. Politics play a large role in how the port is operated; key officials are

politically appointed. Port authorities come in three types – operational, meaning the port agencies operate the terminals themselves; landlord, meaning the terminals are leased out to private sector operators such as steamship lines or terminal companies, and limited operating, meaning the port authority agency leases some facilities and operates others.

Ports must also protect their own interests; port operations generate revenue for the local government and have a significant impact on their region's economy. The port earns revenue in three minor ways and one major way. The minor ways include berthing fees, wharfing fees, and demurrage fees. Berthing fees cover securing the ship to the pier using tugs and line handlers on the pier. Wharfing fees involve unloading and loading the ship's cargo. The demurrage fees are late fees charged when a company lets the cargo sit at the port's facility past a predetermined time. Since holding and storing cargo costs money, the ports charge demurrage fees when companies allow their products to sit at the port until they are ready to continue shipping them. Space is at a premium at many ports, and the port authorities cannot allow cargo to remain on the property for extended periods of time at no charge.

The most significant revenue source for port authorities is through leasing the port terminals to the maritime shipping companies. There are different types of terminals, including container, break-bulk, liquid and dry bulk, and roll-on/roll-off terminals. Typically state and local government funding for maintaining and improving port facilities is quite limited. The extent to which public funds should benefit private companies is a problem for municipal planners when justifying investments in port infrastructure. (Cottrill, 1998)

Commercial shipping companies prefer securing long-term port contacts. The most recent example involved the cities of Halifax, New York, and Baltimore competing to entice Maersk to establish its key east coast port in North America. Maersk was willing to commit to a long-term 25-year lease contract at one of these facilities. This led to fierce competition between the ports. A commercial shipping firm does not need to stop in every port on each coast to pick up and drop off cargo. Intermodal systems throughout the world allow ships to pick the most attractive ports in each area of the world. Revenues depend on being selected as a key port.

With military operations possible at the port, the commercial shippers are concerned with the possible disruption in schedules to the next step in the intermodal transportation sector. A military deployment may interfere with the commercial trucks and train access in and out of the port facility as well as congesting key staging, berth, or terminal areas. These issues are very important when commercial shipping companies and commercial port authorities are negotiating long-term leases at the port.

Port characteristics play an important role. Water depth and the pier characteristics as well as container cranes are important investments to attract the next generation of container ships. Intermodal rail and truck access are vital as well. It serves no purpose to have a ship unloaded in a timely manner only to have the cargo sit at the port because trains and trucks cannot load the cargo in a reasonable time; efficiency is critical. Having a large population base around the port helps minimize transportation time to customers. The port's ability to expand is also an attractive attribute. Several port authorities benefit from closed military property that was turned over to local governments.

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## **IV. UTILIZING STRATEGIC PORTS FOR DEPLOYMENT**

### **A. PORT PLANNING ORDERS**

#### **1. Definition**

Port Planning Orders (PPOs) are notifications of tentative arrangements between MARAD and commercial port authorities to meet anticipated defense agency requirements at the designated strategic seaports in the United States. (USC 46 section 340.2M) The PPO identifies required port facilities and services for Department of Defense use during a military deployment through that port:

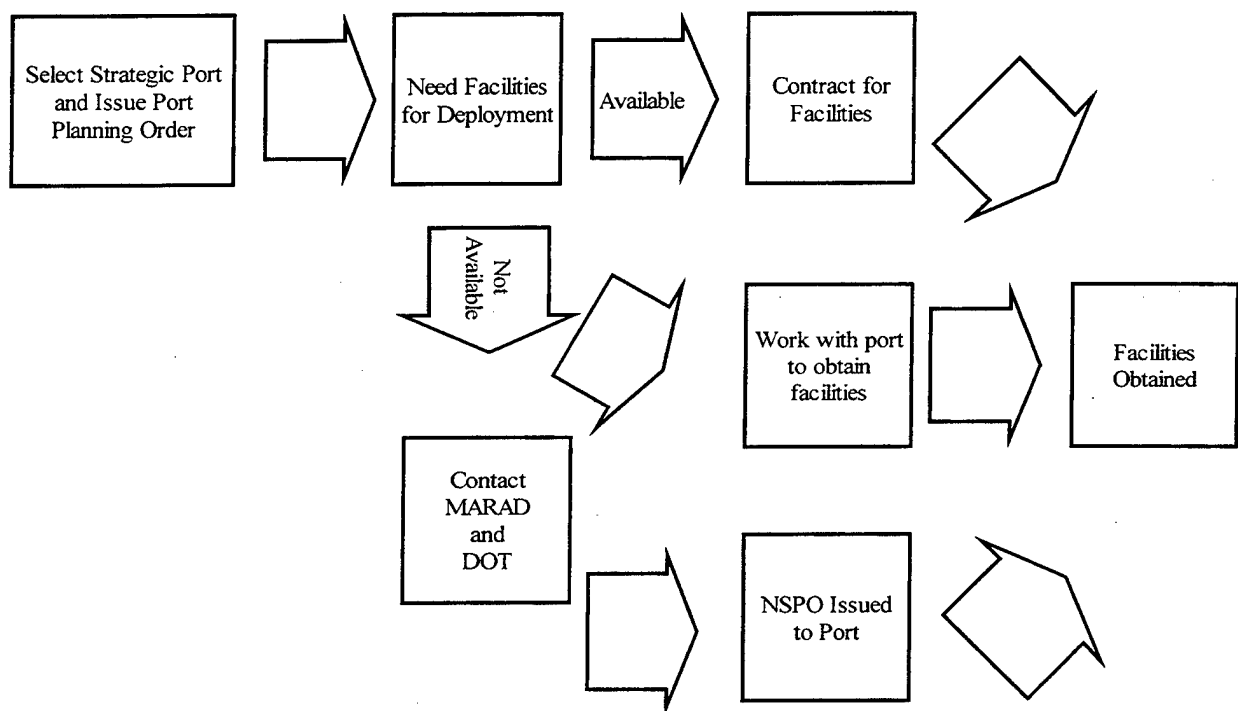
- wharves, piers, sheds, docks
- warehouses, terminals, yards, control towers
- container equipment, container freight stations
- port equipment including harbor craft, cranes, and straddle carriers
- any port services normally used in accomplishing the transfer of cargo (USC 46 section 340.2O)

The PPO for each strategic port is a planning document only and does not have the force of law. The PPOs are in place to help the military and the port communicate between needs and capacity.

PPOs were developed to facilitate the movement of military equipment through commercial ports. DoD has to rely more on commercial facilities because of the reduced number of overseas U.S. bases and closure of the Military Ocean Terminals at Oakland, CA and Bayonne, NJ. This combination of fewer forward deployed assets and the limited number of military facilities available as a port of embarkation has increased the need for commercial capacity to support military deployments. With many ports



throughout the United States already close to or exceeding capacity, immediate space for military use is sometimes not available. The increasing throughput of world commercial trade at the commercial ports will only strain their capacity. DoD must compete with commercial shipping companies when military equipment must move through these ports. According to U.S. Customs, the amount of imported goods through U.S. ports will triple by the year 2020. (AAPA web site) PPOs lay the groundwork for the required facilities to be appropriated by the government for military use.



**Figure 5. Basic Port Planning Order Flow Chart**

## **2. Creating a PPO**

For each deployment, MTMC develops a requirements list depending on the type of equipment expected to be deployed through that particular port. The port authority

provides a list of terminals and staging areas with the necessary capabilities. MARAD is the intermediary between these two organizations. Since many port authorities act only as landlords of the terminals, MARAD works with the companies leasing the terminals. However, the port authority is kept informed of negotiations between MTMC and the terminal operator. Once there is an agreement between MTMC, MARAD, and the port authority or terminal operator, a Port Planning Order is issued by MARAD. PPOs are validated annually to ensure the military's requirement is still the same and the capabilities still exist at the port. If required, the PPO is then reissued with any necessary adjustments.

## **B. REQUIRED FACILITIES**

### **1. Obtained Through Negotiation**

In order for DoD to deploy through a strategic port, the facilities must be available for military use. Berths need to be clear of commercial ships that normally use these spaces so government-owned or chartered ships can be loaded with the necessary equipment. Staging areas need to be clear of containers or other cargo so that the military load out can be done in an orderly and expeditious fashion. In the event of a mobilization, DoD will first try to establish a contract through negotiations to get use of the required facilities at the strategic port before resorting to requisitioning, as described in the sections below.

With the deployments the military has supported in the past, it is difficult to get the facilities because the military has no priority over the commercial shipping industry. According to one East Coast port authority official:

Gets back to undeclared wars, which are the type we are fighting lately. If the President/Congress declares war, you

have no problem; you simply take whatever facilities you need. If undeclared, you have no such ability. You have to negotiate with everyone else.

Once MTMC determines there is a need for facilities at a strategic commercial port, the port is contacted, and contract negotiations begin to finalize both turning over facilities necessary to deploy through the port and the payment information. As one MTMC official noted, "We are successful when our requirements fit around these commitments (already established contracts), and unsuccessful when they do not." MTMC pays the published rates for the deployment requirements through the port. If the necessary berths and staging areas are not currently being utilized, MTMC can designate those facilities for military use. If the necessary facilities are being used, the port authority has two options: work with the commercial sector to integrate the military's requirements into the port's schedule of events, or refuse the military's request. "While we certainly don't want to hinder the military in any way during a national emergency, we still have contractual obligations to provide service to our customers, which would often conflict with what MTMC might need," as one East Coast port authority official expressed.

By refusing the military's request, the port authority runs the risk of having DoD requisition the required facilities through legal means. If commercial shipping is using the facilities, it is to the advantage of the port authority to schedule the military into the port's schedule. This way, the port authority still retains some control of the port's operations. Negotiation is the preferred way by the port authority for the military to obtain the necessary facilities for a military deployment. Disruption to highly valuable commercial shippers is minimized and the commercial shipping companies can continue

their established efficient schedules, while the facilities are also available for military use to support the deployment.

## **2. Obtained Through Declaration**

Negotiations between MTMC and the port authority may not result in an agreement for the required facilities. If space were available for use, the port authority would probably be agreeable to let the military operate out of the port. However, there may not be any berths or staging areas that are not under contract to the commercial shipping industry. The commercial shipping industry uses port facilities through contracts with the port authority. If the military requests facilities used by commercial shipping, the port authority would be forced to breach contracts to make the requested facilities available for military use; this would not be good business for the port authorities. The port authorities could be liable for damage due to the contract violation, and could be penalized in future negotiations between potential long-term lease customers because shipping companies would not want to deal with an unreliable port authority. "The port authority is composed of patriots and veterans, but understand that Evergreen, a foreign company, will take its business to a competing port in no time, and sue them for breach of their agreement in the process," noted one MTMC official. If adequate facilities to support the deployment through the port are not obtained in the course of contract negotiations, MTMC activates a Port Planning Order.

## **3. Activating a PPO**

At this point in the process, MARAD takes legal action at the request of MTMC. (Peters, 1999) Several laws ensure transportation facilities in the United States can be made available to support the nation's defense. These laws include: Title 46 of the

Federal Code of Regulations, Part 340; Defense Production Act of 1950; Executive Order 12656, section 1401; and Executive Order 12919, section 201. Title 46 pertains to shipping and MARAD responsibilities. Part 340 pertains to the priority use and allocation of shipping services and port facilities for national security and national defense related operations. The President of the United States has delegated authority for allocating port resources to the Secretary of Transportation. The Defense Production Act (DPA) of 1950 provides authority to plan for defense mobilization and emergency preparedness of merchant shipping. (MARAD, draft strategic plan, 1998-2002). The DPA is updated and reauthorized every few years to allow for additions and changes. (DPA web site) Executive Order 12656 gives emergency planning and preparedness functions to the Secretary of Transportation, and MARAD is delegated the authority to develop national emergency plans and preparedness programs for ocean shipping, ports, and facilities. (MARAD, draft strategic plan, 1998-2002). Executive Order 12919 allows for pooling essential shipping-related resources for defense purposes. (MARAD, draft strategic plan, 1998-2002).

Legal action is taken through a National Shipping Authority Planning Order (NSPO) issued by MARAD and delivered to the port. The NSPO is derived from the PPO issued to the port. The specific DoD requirements remain the same: "be prepared to grant priority usage of ..." in the PPO changes to "grant priority use of..." in the NSPO. The only difference between the PPO and the NSPO is that highlighted amplifying information will be removed. Information such as when and why a NSPO would be issued, how it would be delivered, and who to contact if there's an inability to comply with a PPO would be removed. These highlighted sections are for the port's and terminal

operator's information only. This information pertains to how the NSPO will be delivered and why it is being delivered. Once the NSPO is delivered, the port has 48 hours to comply with the requirements in the NSPO. A letter or electronic message is used to deliver the NSPO. A phone call may precede the NSPO, but the 48 hours does not begin until the NSPO has been delivered. If the port authority is acting as a landlord of the designated terminal, berthing, and staging areas, the port authority will notify the tenant terminal operator that facilities must be made available. At this point, the facilities are available for use by DoD.

Once a port receives the NSPO, the port is required to: (1) make such dispositions of commercial cargoes and ships loading or discharging commercial cargoes as may be necessary to accommodate priority movement of government cargoes; and (2) ensure receipt, in-transit handling, and outloading of government cargoes as rapidly as possible. (Port of Jacksonville Port Planning Order, 1999) The terminal operator must ensure the designated piers and staging areas are free and available for military use. The 48-hour delay gives the port time to make arrangements to clear the designated berths and land.

The user (DoD) is responsible for paying any applicable fees for using the facilities. DoD pays the normal port tariff during operations. Additional payments included in the NSPO cover any costs related to moving a ship to a different berth to free up the designated berth, or unloading a cargo ship designated for military use. Each port has the ability to negotiate any additional fees separately.

### **C. NSPO ISSUES**

The PPO and NSPO are a backup means to getting the required port facilities. Using these methods would be a disadvantage for both sides. The port authority would

lose some operational control over its port. The shipping industry would be disrupted by military activity, although the military's goal is to minimize this disruption.

Nevertheless, some disruption will occur. There could be a substantial delay in getting the necessary facilities if the port authority takes a lengthy time during the negotiations and then refuses to make its facilities available. Once MARAD takes legal action and the NSPO is officially delivered, the port has 48 hours to make the predetermined facilities available for military use. This could result in the facilities not being available for military use for a minimum of three days (negotiations, authorizing a NSPO, 48 hours to comply).

Such action could also cause delays for the equipment being delivered to the port. Ships rushed to the port to be loaded might have to wait for available pier space. Money and vessel capacity tied up in keeping these ships close to the port could be wasted. Even though sealift is not the fastest means available to transport equipment, getting the ship loaded and headed to the port of debarkation should be done expeditiously. If the military operated without regard to the port authority or commercial shippers once legally obtaining the necessary facilities, relationships between the port and military could be adversarial in the future. By damaging the working relationship between the military and the port authorities, future negotiations would not go smoothly. A cooperative partnership, needed to effectively balance military needs and requirements with port capacity and capabilities, is important for all future operations through the port. This ranges from PPO negotiation, scheduling exercises, and negotiating for actual deployments through the port. A cooperative relationship would not exist if the military

was not sensitive to the port authority's daily operations. The military could get the necessary facilities using legal means, but both sides would lose in the long run.

Some ports have indicated to MARAD they would not turn over the necessary facilities until a NSPO was issued. This policy position helps the port because the port would not be liable for breaking contracts with shipping firms if the federal government forced them to turn over the facilities currently in use. Some ports would even like PPOs to offer the option of requesting a NSPO in the event of an actual deployment.

The port authority is not compensated in any way when it accepts a PPO; the PPO is the result of a purely voluntary process. DoD will only pay the normal tariff charges. There is no incentive for the port authority to work with the military except to minimize the disruption the military causes deploying through the port. The port authority also understands that it's easier to plan things ahead of time to minimize the disruption to their operations; the government can take any facility deemed necessary by law. There is a delicate balance between accepting a PPO and signing shipping firms to long term contracts to use port terminals.

When a shipping firm signs a contract with a port authority, that carrier wants to minimize disruptions to their operational schedule and would prefer not to subcontract their particular terminal. Normally, the military will not be able to obtain the best facilities through negotiation because commercial shipping companies are paying a premium for the best terminals at the port. Good features include deep draft berths, direct access to rail and roads, modern equipment, and adjacent staging areas. Since the military would pay the standard commercial rate, the port authority would not get premium rates by letting the military use these facilities. The port authority would just be



degrading their relationship with the shipping firm under the current contract. The port authority's incentive to let the military use the "good" facilities is insufficient to upset the relationship between the port authority and the shipping firms.

#### **D. MILITARY EXERCISES AT A STRATEGIC PORT**

With the strategic ports identified, MTMC can begin planning to get military equipment to the port for deployment. This information will help MTMC determine what types of ships are required for different types of deployment scenarios. Additionally, MTMC can look for facilities at the port that will meet the predicted equipment requirements, in terms of berthing space, staging area, and duration.

Routes and training exercises are established to help the units involved become more familiar with moving equipment to the port of embarkation. For example, Sea Emergency Deployment Readiness Exercises (SEDREs) measure the deployment capabilities of army units that may be called upon to perform anywhere in the world. (Cook, 1999) SEDREs are executed using Army Strategic Mobility Program standards to provide CINCs with trained, capable, and responsive units, as a combat multiplier to tactical operations ashore. (Linkage, 1999) To maximize training opportunities, SEDREs are preferred at strategic ports in conjunction with army unit rotations through out the country. The US Army Forces Command (FORSCOM) is responsible for the deployment of army personnel and equipment to support the CINCs. FORSCOM's goal is to conduct three SEDREs a year. (Linkage, 1999)

A recent SEDRE, Dragon Team 1-99, moved more than 1,000 soldiers of the 101<sup>st</sup> Airborne Division from Fort Campbell, Kentucky to the National Training Center at Fort Irwin, California. (Cook, 1999) This was one of the first times a SEDRE was

conducted simultaneously with a major Army exercise. The exercise was a success because both participants, the 101<sup>st</sup> soldiers and MTMC DSC soldiers and civilians, were able to work together in an operation closely resembling an actual deployment.

#### **E. NATIONAL PORT READINESS NETWORK**

The National Port Readiness Network (NPRN) is designed to coordinate all involved agencies supporting a military deployment through a commercial port. The NPRN's goal is to identify and resolve potential problems relating to a military deployment through a commercial port in a non-constrained time frame. A better solution to a potential problem usually results when there is time to prepare a more thorough strategy.

The network was established in 1985 through a Memorandum of Understanding (MOU). The MOU was updated in 1996 to include more federal agencies. (Northern California Port Readiness Committee web site) Through the MOUs, each strategic port established a port readiness committee (PRC) to provide the means for coordinating peacetime preparations for emergency port operations and for coordinating port operations during actual national defense emergencies. (NPRN web site) The PRC is an important committee for each strategic port. The committee members represent the organizations that are going to make a military deployment through their port successful and minimize disruption to the commercial shipping industry. The PRC's effectiveness depends on each member's ability to ensure their agency's requirements are fulfilled. Because there is limited or no funding for the local PRCs, the PRC is more effective when the committee's plans and direction are similar to those of the participating member agencies.

The NPRN currently consists of the following members: MARAD, U.S. Army Corps of Engineers, U.S. Coast Guard, MTMC, MSC, Commander of the Maritime Defense Zones, U.S. Army Forces Command, USTRANSCOM, and Joint Forces Command. The PRC involves applicable representatives from each of these agencies, as well as members from state and local government agencies. The state and local agencies include the port authorities, police, and fire departments.

## **V. ANALYSIS, RECOMMENDATIONS AND CONCLUSION**

The federal government is trying to reduce current infrastructure to reduce costs. The government is using the talents and capabilities of the commercial sector to replace some of the services previously organically provided. If another organization can complete an activity better and cheaper than internally within your organization, the question must be asked, "why are you still doing that job?" If that job is no longer required, or it is not worth the cost to retain the capability to perform that job because of infrequent requirements, the same question could be asked. By making a more efficient organization, some pieces of the organization will be eliminated because they don't add value to the process.

This was the case when military bases were closed throughout the world. DoD is trying to become a more streamlined organization. With the focus of military challenges changing, the structure needs to be adjusted. The BRAC process closed down some military bases no longer needed. Squadrons and other military units were consolidated, reduced, or eliminated. This created excess military property.

The MOTs in Bayonne and Oakland were closed because the MOTs were not considered military installations worth supporting in future defense budgets. These closures force the military to deploy, almost entirely, from commercial ports. The government's overall goal is to use, commercial assets whenever possible. The military is doing this already with the CRAF and VISA programs. The commercial ports will now play an ever-increasing role in supporting military deployments.

Commercial ports in the continental U.S. are capable of supporting military sealift requirements in the event of a major theater war or other major contingency.

Commercial ports provided over 80% of the military sealift capacity during Operation Desert Storm. Even though the commercial strategic ports will be more relied upon to support national defense issues, the capacity will be available to support the strategic sealift requirements.

Routine contract negotiations, Port Planning Orders, and National Shipping Priority Orders are used by the military to ensure the commercial strategic ports will be available to support military deployments through these ports.

MTMC has the greatest role ensuring facilities are available for military use. As the military's single port manager, MTMC is responsible for securing the required services and facilities to support exercises, routine deployments, and major theater wars. MARAD works with MTMC and the commercial strategic ports to help each side have a better understanding of each others' concerns and requirements.

If a major contingency evolves and strategic sealift is required to support national security, the commercial strategic ports will be capable of supporting the deployment requirements. Based on the research conducted, the following are issues and recommendations that could improve future major deployments from commercial ports.

#### **A. ANALYSIS AND RECOMMENDATIONS**

There were five problem areas encountered during the research process pertaining to deploying from a commercial port. The five areas are: the absence of incentives for port authorities to work with the military, effectiveness of the National Port Readiness Network, lack of guidance by the federal government when turning over excess military property to the local government, the accuracy of simulations of getting equipment from

the fort to the port to the ship, and the current payment system for military use of services and facilities at the commercial port.

### **1. Absence of Incentives for Port Authorities**

Port Planning Orders (PPOs) are assigned by MARAD to the commercial port authorities of the strategic U.S. ports. The PPOs set the framework for the federal government to get the necessary facilities and services to deploy military units from these strategic ports. If the required facilities cannot be obtained through negotiations, then a National Shipping Priority Order is delivered to the port. The port authority has 48 hours to comply and have the necessary facilities available for military use.

When PPOs are assigned to the commercial ports, the port authorities have no incentive to take on these orders. The port authorities take on the responsibility and hope, like the rest of us, that a large deployment of military forces will never be necessary. Even for exercises and smaller deployments through these ports, there is no preference given to the military. The Military Traffic Management Command (MTMC) must compete with the other potential port customers to use facilities and receive services at the port.

The airline and shipping industries have incentive programs to work with the Department of Defense (DoD). These include the Civil Reserve Air Fleet (CRAF) and the Voluntary Intermodal Shipping Agreement (VISA). The airlines are offered government business on lucrative "city-pair" routes. By participating and contributing more aircraft to the different levels of CRAF, the airlines are eligible to book more travel by federal employees. Ships enrolled in the VISA program benefit in one of two ways. Ships enrolled in the Maritime Security Program (MSP) are required to enroll in VISA.

The ships in the MSP program are given \$2.1 million annually to participate in the program. This money helps to offset some of the costs for keeping the ship American flagged and crewed. The other way to enroll is for a carrier to commit at least 50% of the company's capacity to Stage III of VISA. This commitment allows the carrier to receive preference for DoD peacetime cargo.

These established programs, revised and adjusted through time, have allowed the military to retain the ability to deploy using commercial assets while reducing organic assets. The commercial industry, like everyone else involved, is hoping the requirement to use this capacity and services will not present itself. This partnership helps reduce organizational infrastructure while still maintaining the ability to successfully accomplish the required missions.

**Recommendation:**

MTMC should develop a program similar to the CRAF and VISA programs to increase support from the commercial port authorities. The incentives could include guaranteed government business or reduced federal taxes or fees. The incentive would need to successfully compete with the level of business or revenue the commercial shipping industry brings to the port authority. This could mean focusing business away from some of the busier ports or concentrating on ports where there is a higher probability of deploying the military, for either small deployments or just exercises.

By developing an incentive program for participating strategic ports, a more cooperative relationship could be established between DoD and the strategic commercial ports. As one port authority official stated:

Long term commitments to a single port, and not spreading out the minimum work they have in peacetime over numerous ports. If the government expects you to give up your commercial space on no notice, the government should have some loyalty to you during peacetime. That is not necessarily the way it works now.

## **2. Effectiveness of the NPRN**

The National Port Readiness Network (NPRN) is an organization comprised of nine federal agencies that helps military units deploy through strategic commercial ports. The NPRN, through a memorandum of understanding, established different organizational levels, including the National Port Readiness Steering Group, National Port Readiness Working Group, and local Port Readiness Committees (PRCs).

With little or no funding for the PRCs, these local organizations are almost powerless to accomplish anything constructive in preparing the strategic ports for a large-scale military deployment. There is no incentive for the organization to be successful. The attendance and turnout at the meetings varies significantly. Some organizations may never show up to the meetings. Local stevedore companies and representatives from the local labor unions are not usually present at some meetings. This is an issue because some of the commercial ports used during Operation Desert Storm were severely understaffed. There was not enough pier side labor at the ports. (Matthews, 1996) Crews were flown in from other ports not operating at capacity. Members from these types of organizations should be regular attendees at the meetings

Each person attending the local PRC meetings tends to only support ideas that benefit their own organization. It is difficult to be successful in these days of increasing fiscal constraints. Problems include inadequate port security, ineffective communication between the different organizations involved in a deployment, and potential traffic flows



resulting in congestion. Without an organization funding solutions to these problems, the PRCs will be ineffective.

Members of an organization will begin to lose interest if the meetings keep producing only "all talk, and no action" because the resources are not available to solve the problems. The importance of the PRC meeting will begin to decrease and other issues in each of the agencies' own organizations will begin to crowd out the PRC. The lack of interest is already showing. This can be seen by the lack of inputs to NPRN's website containing yearly port summaries. Not all strategic ports are listed, and some ports did not submit reports. Lack of incentives produces similar outcomes across PRC members. There has not been a periodic Strategic Ports conference in over two years.

According to a port authority official, "The PRC meetings are more of an information exchange than an organization that produces recommendations to each member. The thrust of the PRC is primarily an educational one, not an operational one."

**Recommendation:**

An appropriate way to solve this problem of incentives would be for MARAD to provide funding to the PRCs through the NPRN. The funding could be used to pursue some of the recommendations the PRCs develop after each meeting. The issues identified could be followed up by the appropriate federal agencies. Small PRC budgets would allow problems to be defined, and further funding requested if appropriate.

Limited federal funding would also demonstrate to the port authorities that their efforts are appreciated and that their concerns are being addressed.

Providing funding will ensure results of PRC meetings are published in the LINKAGE newsletter available through the NPRN website.

Some PRC meetings are held every quarter, and yet there has previously only been a yearly addition to the LINKAGE issues. With the advent of the Internet, the newsletter should be published more frequently. MARAD should also maintain an e-mail distribution list to advise other federal agencies and port authorities of new LINKAGE issues and other developments. A port authority official explained, "Information sharing between the various ports is almost nil. There must be lessons learned that would help all of the involved (strategic) ports." Increased communication would eliminate the problem of insufficient information sharing. This would allow the ports to see the different information and events relating to the PRC at each port.

These types of meetings are a great opportunity for the military representatives to provide briefings of expected movement requirements based on the different plans supported by the commercial port. "Specifics related to the numbers of pieces by type, rail operations, convoy, truck, and ship would help all involved parties get a feel for what would occur," expressed one port authority official. A better dialogue between the different organizations would provide a more efficient operation. A port authority official stated, "In order to improve our readiness for a large scale military operation, DoD/DoT must keep the lines of communication open and regularly update the ports as to what their plans are." Information sharing by the military organizations

will improve the strategic port's capabilities and fewer problems will be encountered during future deployments.

### **3. Turnover of Federal Property to Port Authorities**

The latest Base Realignment and Closure (BRAC) round closed several military bases adjacent to commercial ports. This property was eventually turned over to the local governments and subsequently local port authorities. Port authorities benefiting from this property include: The Port of Oakland (Military Ocean Terminal, Oakland and Fleet and Industrial supply Center, Oakland), The Port of Long Beach (Long Beach Naval Station and Shipyard), and the Port of New York/New Jersey (Military Ocean Terminal, Bayonne). These pieces of property were a much-appreciated addition to these ports. These ports can now increase their capabilities and improve the existing infrastructure. Additional land is a precious commodity for ports operating at or near existing capacity.

When the property was vacated by the military units and eventually turned over to the local governments, there were no provisions or recommendations by the Department of Defense regarding force deployment through the port. All weather or covered staging areas, which could accommodate special military oversized equipment, were not discussed. Additional rail lines were not required for anticipated military use.

"Additional rail trackage to accommodate the significant increase in rail traffic caused by the arrival of several unit trains a day for several days or weeks at a time would benefit the ports," noted one port authority official. There was no communication between DoD and the port authorities on infrastructure that would benefit deployments in the future.

**Recommendation:**

There are discussions in DoD about further reducing base infrastructure by closing more military installations. If these recommendations successfully pass through Congress, provisions should be included to address features and facilities for future military use at property eventually turned over to port authorities. DoD could even fund some of the improvements to make facilities suitable for dual commercial and military use as explained by this port authority member:

There should also be some process for ports to identify 'military related' infrastructure improvements which would make a military deployment more feasible, but aren't justified by peacetime commercial business. There should be a budget line item in DoD/DoT to support reasonable construction requirements that would allow the port to support military deployments.

DoD should look into the future and be included in the development process for this property. With the projected increase of port activity and capacity in the near future, MTMC should be included in the initial design phases when port authorities begin planning to improve the capabilities and capacity of strategic ports. "As MTMC plans for the future, MTMC's needs must be communicated with the commercial ports as many are embarking on redesign or new construction, which may affect the facilities, required by the PPO," stressed a port authority official. Again, DoD could provide funding to the ports to ensure the capabilities still exist for military use for routine exercises and possible major deployments through the port.

#### **4. Deployment Simulations and Port Analysis**

The limited defense budget does not always support conducting exercises and deployments. Computer models must be developed and used to test and validate operational plans. A simulation is only as good as the information provided by the operational units that would actually carry out the mission or exercise. Allowing for only minor problems with the exercise or deployment (vehicle breakdowns or slow convoys) the exercise would be successful because all of the necessary rail cars, staging areas, and berthing areas would be available. It is much easier to say something would be available than it is to actually get the space or necessary equipment. The organization responsible for running the operation might be hesitant to identify potential problem areas or to admit facilities and equipment would not be available as quickly as planned.

It is difficult to plan ship loading if accurate information is not relayed between the fort and the port. Staging area at the port may be limited and accurate information will be required to load the ship properly. This problem is demonstrated by the following port authority official's statement:

If you look at the plan for our port, you will see allowances for the use of so many acres of paved storage to stage ordinance and equipment. We have never agreed to that and yet MTMC/MARAD still seems to think that somehow we could work around it.

This seems to be a problem of communication between port authorities and MTMC. If MTMC is counting on this storage area and includes it in the simulations, there will be a serious difference between the model result and what actually happens. More organizations need to be involved in the simulation process.

The ship will be loaded for maximum space utilization instead of being combat loaded, where urgency is required to get the necessary equipment off in a timely manner. For the ship to be loaded as efficiently as possible, information must be accurate and the plan must be followed. Any specially modified equipment must be accounted for and fit into the load out plan.

The MTMC Transportation Engineering Agency (TEA) is conducting risk factor analysis for each strategic port. Factors including staging and berth area availability, road and rail access from the fort to the port, and possible disruptions, are studied and input into their computer simulation. These simulations include detailed port studies. For the different simulations and port throughput analyses, it is difficult to judge what impact commercial traffic in and around the port will have on a deployment. The port analysis is a detailed labor-intensive process. The team conducting these port analyses has been tasked to analyze other ports throughout the world, including the military operational areas of Kosovo and Bosnia.

How will the deployment affect the commercial port tenants? "No real serious effort involving the public port staffs to determine estimated port throughputs has occurred," noted a port authority official. Without working with the port authority, an accurate simulation cannot be accomplished. The increasing traffic, with some estimates doubling the amount of throughput in the next 15-20 years, will further complicate the modeling process.

**Recommendation:**

The deployment and exercise simulations need to be standardized. The American Association of Port Authorities could help standardize and act as an

objective monitor of the simulations. Once an agreed upon language is determined, the simulations might reflect a more accurate picture of how successful deployment would be from each port. Members from both the port authority and from MTMC could use this standard language and estimated throughputs to get a more accurate picture. The results of the model will be more objective and give a more accurate depiction of the events involving a large-scale military deployment through the strategic ports. The simulation could be used to practice using adjacent ports or multiple routes to the ports. "Some of the problems could potentially be alleviated if MTMC opted to divert some of its operations to ports or facilities where congestion was not a problem." (Rex Sherman) There is no variability to account for problems in either port or transportation capabilities due to terrorism or other damage. These results could help determine problem areas for the Port Readiness Committees to address and correct in future meetings.

Reduced funding for MTMC TEA has tripled the amount of time between port visits. Funding needs to be increased to have more teams available to conduct timely and accurate surveys and keep up with the changing and increased infrastructure at the strategic ports.

#### **5. Payment to Commercial Ports for Services**

When a port authority provides services for a deployment or exercise conducted through their port, the port authority is compensated for their services. The port charges the military the published tariffs for the services and facilities provided. Sometimes there is a question as to who is responsible for paying for different services. One of the current

issues is who is responsible for paying for staging areas and berths provided to the military after issuing a NSPO. It is going to cost money to clear these areas. It is not clear to some port authorities who is responsible for paying this fee. In addition, some of the services required by the military are not initially known or planned in the initial contract. After Operation Desert Storm/Desert Shield one of the concerns, facing many strategic ports involved financial issues. Besides the delays in processing payments, services were provided which were not previously anticipated and either the military or ports and terminals felt shortchanged.

**Recommendation:**

Contracts called Basic Ordering Agreements (BOAs) are being developed to reduce and eventually eliminate the confusion between the military and the port authorities. The BOA is a contract worked out before services are required. All services are included. The contract is complete except for the fees. These areas are left blank until the services are required. The blanks will then be filled in using the current rates the port is charging all customers. This is the time for determining the organization responsible for clearing the staging areas and berths, and more importantly, who is responsible for paying for these services. MTMC should investigate the feasibility of implementing BOAs for using of port authority facilities. The BOAs should address both peacetime and contingency requirements.

**B. CONCLUSION**

DoD will be successful in continuing to deploy from strategic commercial ports. There is enough capacity at ports throughout the United States to support military



deployments and exercises. NSPOs will need to be issued for large-scale deployments because the commercial ports will not have sufficient excess capacity.

Issuing NSPOs could potentially cause problems with the commercial shipping industry because their shipping schedules would be disrupted. Many of the shipping companies are foreign owned and may not be very understanding. The authorities at strategic ports will have no choice but to support a military deployment upon receiving a NSPO. National defense issues and interests must be placed before business, and the port authorities all realize that priority.

**APPENDIX A. PORT PLANNING ORDER, PORT OF JACKSONVILLE**

U.S. DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

NATIONAL SHIPPING AUTHORITY

Planning Order (Service Priority) (NSPO) No. FLJAX7

PORT/USER: Port of Jacksonville

DATE: October 1, 1999

**THIS ORDER IS ISSUED FOR  
PLANNING PURPOSES ONLY**

Issued to

Mr. Kenneth Krauter  
Managing Director and Federal Port Controller  
Port of Jacksonville  
P.O. Box 3005  
Jacksonville, Florida 32206

Preamble: Title I of the Defense Production Act (DPA), 1950, as amended, authorizes the President to require that performance under contracts or orders (other than contracts of employment) which the President deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order. That authority has been delegated to the Secretary of Transportation with respect to civil transportation services by section 322.3(b) of Title 44, Code of Federal Regulations. Part 340 of title 46, Code of Federal Regulations, establishes procedures by which the Maritime Administrator, in accordance with Secretarial review as defined in section 340.2 in that part, may issue orders regarding priority use and allocation of shipping services and facilities, under commercial terms, in connection with imminent or actual deployment of the Armed Forces of the United States.

**Information Concerning Planning Orders: This Planning Order is a notification of a tentative arrangement to meet anticipated defense agency requirements. It is issued for planning purposes and to provide information and guidance. Planning Orders are issued in the format of a National Shipping Authority Service Priority Order (NSPO); i.e., an NSPO is expected to have identical wording s this Planning Order except all bolded words would be removed.**

**Information Concerning National Shipping Authority Service Priority Orders (NSPO): An NSPO is a notification that specified facilities are needed to fulfill actual defense agency requirements. It is issued in connection with a deployment of the Armed Forces of the United States or other requirements of the nation's defense.**

**An NSPO will only be issued when the specified port facilities and services are not obtainable through established transportation procurement practices.**

Planning Order: Under the provisions of 46 CFR 340 (49 FR 49630) **if there is a deployment of the Armed Forces of the United States or other requirements of the nation's defense, and if the specified port facilities and services are not obtainable through established transportation procurement practices**, you are requested and required to be prepared to grant PRIORITY OF USE at Blount Island Marine Terminal of 3,000 feet of berthing capabilities, 13 acres open storage, and adequate warehouse space ensuring a rapid response to defense needs to the Commander, Military Traffic Management Command, Department of Defense, under the provisions of 46 CFR Part 340.

Effective date: with beneficial occupancy by the User on the date specified in such NSPO but not less than 48 hours from the time of the delivery of such NSPO to you, for **such period as may be specified in such NSPO but not more than 30 days unless renewed by a subsequent NSPO.**

Delivery of NSPO: **The Maritime Administrator may deliver such NSPO by letter or electrical message (which may be a telegram, TELEX, facsimile message, or e-mail). You may be given advance notice by telephone of the intent to issue such NSPO but the 48 hour period mentioned under Effective date will not begin until the written notice is delivered to you.**

Action Required: **Upon receipt of such NSPO**, you are required to: (1) make such dispositions of commercial cargoes and ships loading or discharging commercial cargoes as may be necessary to accommodate priority movement of the User's cargoes; and (2) ensure receipt, in-transit handling, and outloading of the User's cargoes as rapidly as possible.

Financial Provisions: the User will pay for use of facilities covered by such NSPO on the basis of commercial tariffs, or on the basis of contracts for the specified facilities concluded between you and the User, or on the basis of existing contracts where you and the User so agree. In particular, the User shall be responsible for payment of costs arising from: (1) shifting ships to free berths for the User's use; (2) discharging commercial cargo to free ships for the User's use; and (3) such other costs as may be agreed between you and the User.

Consequential Damages: Payment will not be made for consequential damages arising from application of priority orders issued under authority of the Defense Production Act of 1950.

Coordination: **You are encouraged to coordinate in advance with the User on arrangements to meet the requirements projected in this Planning Order as far as possible under regular operating and procurement procedures.**

Point of Contact: The User's point of contact for coordination of this Order is: MTMC HQ; 5611 Columbia Pike; Falls Church, Virginia 22041-5050; (703) 681-6120. The Maritime Administration's point of contact for coordination of this order is: MAR-830; Room 7201; 400 7<sup>th</sup> Street S.W.; Washington, DC 20590; (202) 366-4357.

Inability to Comply: You are required to notify the Maritime Administrator without undue delay if you anticipate that you would have difficulty in **complying with an NSPO** granting priority of use of the facilities specified **in this Planning Order**, with explanation of the reasons therefor.

Expiration and Termination: Unless rescinded sooner upon specific notification, this order expires on **October 2, 2000**.

ASSOCIATE ADMINISTRATOR  
FOR PORT, INTERMODAL, AND  
ENVIRONMENTAL ACTIVITIES  
MARITIME ADMINISTRATION

(date) \_\_\_\_\_

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## APPENDIX B. PORT PLANNING ORDER, PORT OF TACOMA

### U.S. DEPARTMENT OF TRANSPORTATION

#### MARITIME ADMINISTRATION

#### NATIONAL SHIPPING AUTHORITY

Planning Order (Service Priority) (NSPO) No. WATAC16

PORT/USER: Port of Tacoma

DATE: June 15, 1999

### **THIS ORDER IS ISSUED FOR PLANNING PURPOSES ONLY**

Issued on

Ms. Andrea Riniker  
Executive Director and Federal Port Controller  
Port of Tacoma  
P.O. Box 1837  
Tacoma, Washington 98401

Preamble: Title I of the Defense Production Act (DPA), 1950, as amended, authorizes the President to require that performance under contracts or orders (other than contracts of employment) which the President deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order. That authority has been delegated to the Secretary of Transportation with respect to civil transportation services by section 322.3(b) of Title 44, Code of Federal Regulations. Part 340 of title 46, Code of Federal Regulations, establishes procedures by which the Maritime Administrator, in accordance with Secretarial review as defined in section 340.2 in that part, may issue orders regarding priority use and allocation of shipping services and facilities, under commercial terms, in connection with imminent or actual deployment of the Armed Forces of the United States.

**Information Concerning Planning Orders: This Planning Order is a notification of a tentative arrangement to meet anticipated defense agency requirements. It is issued for planning purposes and to provide information and guidance. Planning Orders are issued in the format of a National Shipping Authority Service Priority Order (NSPO); i.e., an NSPO is expected to have identical wording s this Planning Order except all bolded words would be removed.**

**Information Concerning National Shipping Authority Service Priority Orders (NSPO): An NSPO is a notification that specified facilities are needed to fulfill**

**actual defense agency requirements. It is issued in connection with a deployment of the Armed Forces of the United States or other requirements of the nation's defense. An NSPO will only be issued when the specified port facilities and services are not obtainable through established transportation procurement practices.**

**Planning Order:** Under the provisions of 46 CFR 340 (49 FR 49630) if there is a deployment of the Armed Forces of the United States or other requirements of the nation's defense, and if the specified port facilities and services are not obtainable through established transportation procurement practices, you are requested and required to be prepared to grant PRIORITY OF USE of Blair Terminal Berths A & B totaling 1,200 feet to the Commander, Military Traffic Management Command, Department of Defense, under the provisions of 46 CFR Part 340.

**Effective date:** with beneficial occupancy by the User on the date specified in such NSPO but not less than 48 hours from the time of the delivery of such NSPO to you, for such period as may be specified in such NSPO but not more than 30 days unless renewed by a subsequent NSPO.

**Delivery of NSPO:** The Maritime Administrator may deliver such NSPO by letter or electrical message (which may be a telegram, TELEX, facsimile message, or e-mail). You may be given advance notice by telephone of the intent to issue such NSPO but the 48 hour period mentioned under Effective date will not begin until the written notice is delivered to you.

**Action Required:** Upon receipt of such NSPO, you are required to: (1) make such dispositions of commercial cargoes and ships loading or discharging commercial cargoes as may be necessary to accommodate priority movement of the User's cargoes; and (2) ensure receipt, in-transit handling, and outloading of the User's cargoes as rapidly as possible.

**Financial Provisions:** the User will pay for use of facilities covered by such NSPO on the basis of commercial tariffs, or on the basis of contracts for the specified facilities concluded between you and the User, or on the basis of existing contracts where you and the User so agree. In particular, the User shall be responsible for payment of costs arising from: (1) shifting ships to free berths for the User's use; (2) discharging commercial cargo to free ships for the User's use; and (3) such other costs as may be agreed between you and the User.

**Consequential Damages:** Payment will not be made for consequential damages arising from application of priority orders issued under authority of the Defense Production Act of 1950.

**Coordination:** You are encouraged to coordinate in advance with the User on arrangements to meet the requirements projected in this Planning Order as far as possible under regular operating and procurement procedures.

Point of Contact: The User's point of contact for coordination of this Order is: MTMC HQ; 5611 Columbia Pike; Falls Church, Virginia 22041-5050; (703) 756-1120. The Maritime Administration's point of contact for coordination of this order is: MAR-830; Room 7201; 400 7<sup>th</sup> Street S.W.; Washington, DC 20590; (202) 366-4357.

Inability to Comply: You are required to notify the Maritime Administrator without undue delay if you anticipate that you would have difficulty in **complying with an NSPO** granting priority of use of the facilities specified in **this Planning Order**, with explanation of the reasons therefor.

Expiration and Termination: Unless rescinded sooner upon specific notification, this order expires on **June 15, 2000**.

ASSOCIATE ADMINISTRATOR  
FOR PORT, INTERMODAL, AND  
ENVIRONMENTAL ACTIVITIES  
MARITIME ADMINISTRATION

(date) \_\_\_\_\_



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## APPENDIX C. PORT PLANNING ORDER, PORT OF CHARLESTON

U.S. DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

NATIONAL SHIPPING AUTHORITY

Planning Order (Service Priority) (NSPO) No. SCCHA6

PORT/USER: Port of Charleston

DATE: **June 15, 1999**

### **THIS ORDER IS ISSUED FOR PLANNING PURPOSES ONLY**

Issued on

Mr. Bernard S. Groseclose, Jr.  
Executive Director  
Port of Charleston  
P.O. Box 817  
Charleston, South Carolina 29402

Preamble: Title I of the Defense Production Act (DPA), 1950, as amended, authorizes the President to require that performance under contracts or orders (other than contracts of employment) which the President deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order. That authority has been delegated to the Secretary of Transportation with respect to civil transportation services by section 322.3(b) of Title 44, Code of Federal Regulations. Part 340 of title 46, Code of Federal Regulations, establishes procedures by which the Maritime Administrator, in accordance with Secretarial review as defined in section 340.2 in that part, may issue orders regarding priority use and allocation of shipping services and facilities, under commercial terms, in connection with imminent or actual deployment of the Armed Forces of the United States.

**Information Concerning Planning Orders: This Planning Order is a notification of a tentative arrangement to meet anticipated defense agency requirements. It is issued for planning purposes and to provide information and guidance. Planning Orders are issued in the format of a National Shipping Authority Service Priority Order (NSPO); i.e., an NSPO is expected to have identical wording s this Planning Order except all bolded words would be removed.**

**Information Concerning National Shipping Authority Service Priority Orders (NSPO): An NSPO is a notification that specified facilities are needed to fulfill**

**actual defense agency requirements. It is issued in connection with a deployment of the Armed Forces of the United States or other requirements of the nation's defense. An NSPO will only be issued when the specified port facilities and services are not obtainable through established transportation procurement practices.**

**Planning Order:** Under the provisions of 46 CFR 340 (49 FR 49630) **if there is a deployment of the Armed Forces of the United States or other requirements of the nation's defense, and if the specified port facilities and services are not obtainable through established transportation procurement practices**, you are requested and required **to be prepared** to grant PRIORITY OF USE at North Charleston of three berths (1, 2, and 3) totaling 2430 feet and 20 acres open storage to the Commander, Military Traffic Management Command, Department of Defense, under the provisions of 46 CFR Part 340.

**Effective date:** with beneficial occupancy by the User on the date specified in such NSPO but not less than 48 hours from the time of the delivery of such NSPO to you, for **such period as may be specified in such NSPO but not more than 30 days** unless renewed by a subsequent NSPO.

**Delivery of NSPO:** The Maritime Administrator may deliver such NSPO by letter or electrical message (which may be a telegram, TELEX, facsimile message, or e-mail). You may be given advance notice by telephone of the intent to issue such NSPO but the 48 hour period mentioned under Effective date will not begin until the written notice is delivered to you.

**Action Required:** Upon receipt of such NSPO, you are required to: (1) make such dispositions of commercial cargoes and ships loading or discharging commercial cargoes as may be necessary to accommodate priority movement of the User's cargoes; and (2) ensure receipt, in-transit handling, and outloading of the User's cargoes as rapidly as possible.

**Financial Provisions:** the User will pay for use of facilities covered by such NSPO on the basis of commercial tariffs, or on the basis of contracts for the specified facilities concluded between you and the User, or on the basis of existing contracts where you and the User so agree. In particular, the User shall be responsible for payment of costs arising from: (1) shifting ships to free berths for the User's use; (2) discharging commercial cargo to free ships for the User's use; and (3) such other costs as may be agreed between you and the User.

**Consequential Damages:** Payment will not be made for consequential damages arising from application of priority orders issued under authority of the Defense Production Act of 1950.

**Coordination:** You are encouraged to coordinate in advance with the User on arrangements to meet the requirements projected in this Planning Order as far as possible under regular operating and procurement procedures.

Point of Contact: The User's point of contact for coordination of this Order is: MTMC HQ; 5611 Columbia Pike; Falls Church, Virginia 22041-5050; (703) 681-6120. The Maritime Administration's point of contact for coordination of this order is: MAR-830; Room 7201; 400 7<sup>th</sup> Street S.W.; Washington, DC 20590; (202) 366-4357.

Inability to Comply: You are required to notify the Maritime Administrator without undue delay if you anticipate that you would have difficulty in **complying with an NSPO** granting priority of use of the facilities specified **in this Planning Order**, with explanation of the reasons therefor.

Expiration and Termination: Unless rescinded sooner upon specific notification, this order expires on **June 15, 2000**.

ASSOCIATE ADMINISTRATOR  
FOR PORT, INTERMODAL, AND  
ENVIRONMENTAL ACTIVITIES  
MARITIME ADMINISTRATION

(date) \_\_\_\_\_

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